

**MINUTES OF SPECIAL MEETING
ILLINOIS GAMING BOARD
June 8, 2005
CHICAGO, ILLINOIS**

NOTE: ITEMS IN **BOLDFACE PRINT** REFLECT OFFICIAL BOARD ACTIONS

The Illinois Gaming Board ("Board") held its Special Meeting on June 8, 2005 in the Auditorium on the 5th floor of the Michael A. Bilandic Building, Chicago, Illinois, pursuant to the Illinois Open Meetings Act, 5 ILCS 120/1 et seq.

The following Board Members were present: Chairman Aaron Jaffe and Members Gary Peterlin, Eugene Winkler and Charles Gardner. Member William Dugan was not present for the June 8, 2005 meeting.

Chairman Jaffe convened the June 8, 2005 Special Meeting at 10:15 A.M. in the 3rd floor Board Conference Room. Pursuant to Section 2(c), paragraphs (1), (11), and (14) of the Open Meetings Act and Section 6(d) of the Riverboat Gambling Act, Member Gardner moved that **the Board retire to Closed Session to discuss the items listed under Closed Session on today's agenda and relating to the following subject matters:**

- 1. Pending litigation and matters involving probable litigation;**
- 2. Investigations concerning applicants and licensees; and**
- 3. Personnel matters.**

Member Winkler seconded the motion. The Board approved the motion unanimously by voice vote.

Member Winkler moved that **the Board reconvene into Open session.** Member Gardner seconded the motion. The Board approved the motion unanimously by voice vote.

The Board convened its Open Session at 1:45 P.M.

Chairman's Report

Chairman Jaffe stated that he has reviewed the budget that has been passed and it seems to him that while there is money appropriated for many things, this particular Board has not received any increases for the positions that it drastically needs. Chairman Jaffe stated that the Board would be requesting more money. Chairman Jaffe stated that to overlook the needs of the Board indicates that people are just not paying attention to what's happening to the Board. Chairman Jaffe stated that he feels that the Board is the most proactive Board in State Government. Chairman Jaffe stated that the Board is working extremely hard under the most difficult of circumstances. Chairman Jaffe stated that he advised the legislators to "go

back to the drawing board” and look over the figures that they have provided to the Board and understand that the Board needs additional funds.

Chairman Jaffe stated that, in the meantime, the Board still has many positions that remain unfilled due to the lack of the Board’s independence. Chairman Jaffe stated that within the next few weeks the Board would be submitting requests for all of the positions that the Board needs. Chairman Jaffe stated that he expects that the Board’s requests would be acted upon immediately. Chairman Jaffe stated that it is time for people to stop saying that they are in support of the Board’s independence and then look the other way when it comes to funds or support.

Administrator’s Report

Interim Administrator Tamayo announced that the Board would not be having a General Manager’s meeting in June, but would be planning one for July.

Board Policy Items

Legislative Update – Interim Administrator Tamayo stated that next week Staff would be presenting to the Board Emergency Rulemaking to implement the new wagering tax schedule that was authorized. Interim Administrator Tamayo stated that Staff would have to do track collections and payments in different ways. Interim Administrator Tamayo stated that Staff would be providing the Board with a full report once more information becomes available.

Owner Licensee Items

Casino Rock Island – Project Development – Donna More, Attorney, was present on behalf of Casino Rock Island for initial consideration for Casino Rock Island’s project development. Ms. More provided the Board with background information regarding the project development.

Gary Buettner, Vice President of Finance, and Bill Renk, Vice President of Sales and Marketing, were present on behalf of Casino Rock Island to provide the Board with a PowerPoint presentation outlining the specifics of the project development.

Mr. Buettner stated that Casino Rock Island has encountered several obstacles in the development process, and has successfully satisfied the issues that have been brought to their attention. Mr. Buettner stated that Casino Rock Island remains completely committed to the development and the City of Rock Island. Mr. Buettner stated that Casino Rock Island has successfully obtained the necessary permits from the various environmental agencies, as well as the preliminary design approval from the Illinois Department of Transportation for the necessary exit ramp requirement for the project. Mr. Buettner stated that Casino Rock Island’s development agreement with the City of Rock Island has been finalized and approved. Mr. Buettner stated that the land reclamation project is about 85% complete to date.

Mr. Renk stated that this would be the largest development project in the history of the City of Rock Island. Mr. Renk stated that the project would provide more jobs, help to assist further economic development projects, and increase revenue for the City of Rock Island and the State of Illinois.

John Elias, Corporate Business Attorney, was present on behalf of Casino Rock Island to discuss Casino Rock Island's development agreement with the City of Rock Island, ownership and investors, and raising the \$25 million dollars for a private placement to people that would be qualified both under SEC accredited investor rules and the Illinois Gaming Board Rules.

Member Gardner expressed how important it is for Casino Rock Island to submit the private placement memorandum to the Board before it solicits investors.

John Phillips, City Manager of Rock Island, was present on behalf of Casino Rock Island to express the City of Rock Island's support of the project and how the project would benefit the City of Rock Island.

Interim Administrator Tamayo announced that the Board has discussed and determined that license renewal for Mikohn Gaming would be tabled for a future meeting.

Wanda Jacobson, Director of Compliance, was present on behalf of Mikohn Gaming Corporation.

Member Gardner stated that in reading the materials that Mikohn provided the Board, the Board discussed Mikohn's corporate reorganization. Member Gardner inquired if Progressive Gaming would be a separate entity.

Ms. Jacobson stated that it would be what is now Mikohn Gaming Corporation. Ms. Jacobson stated that it would only just be a name change. Ms. Jacobson stated that Mikohn has sold its sign division, which is only the interior signage for the casinos.

Member Gardner stated that the narrative that the Board read suggested that Mikohn feels that the signage company does not need the Board's vendor approval as a gaming equipment vendor or supplier.

Ms. Jacobson stated that Mikohn did not suggest that. Ms. Jacobson stated that Mikohn was inquiring as to whether it needed the Board's vendor approval as a supplier, and if so, as to the proper procedure to obtain Board approval.

Member Gardner inquired if Mikohn would be prepared to bring both companies before the Board for vendor approval as a supplier. Ms. Jacobson stated that she would make sure that occurs.

Public Commentary

ChrisTina Kost, Liaison Officer, Big Island River Conservancy District, was present to discuss Casino Rock Island's project development. Ms. Kost stated that Big Island River Conservancy District supports positive economic development and does not object to Casino Rock Island's project. Ms. Kost stated that Big Island would like for the Board to ensure that the project development does not endanger Big Island's local flood control project or the district's water resources.

Ms. Kost expressed to the Board that Big Island River would like to be informed of Casino Rock Island's reclamation activities, flood management program and procedures, fumigation and chemical controls used on site, applicable permits and contracts, and a description of the protections that will be provided to ensure that there would be no further eroding of the bank located on the South side of the Conservancy.

Member Gardner asked representatives from Casino Rock Island if they had any objections to sharing information with Big Island River Conservancy District. Mr. Renk stated that to his knowledge it would not be a problem.

Member Winkler asked how RiverStone Group, Inc. fit into Casino Rock Island's project.

Mr. Renk stated that Riverstone Group, Inc. was the owner of the land that Casino Rock Island purchased.

Ms. Kost stated that one of the conditions of the land sale agreement is that Riverstone would only sell the land to Casino Rock Island if, and only if, the city would annex their property and issue Riverstone two special use permits in order to mine inside the Big Island River Conservancy District and transport sand and gravel in and out of the district, which is placed at 75 feet to the residence's borderline. Ms. Kost stated that where Riverstone has mined in the past has always been outside of the Conservancy's lines of protection.

John Phillips, City Manager, stated that the City received 13 hours of expert testimony from both sides on this topic. Mr. Phillips stated that the counsel did approve the special use permit. Mr. Phillips stated that the counsel's statement in making that decision was that the Army Core of Engineers ultimately has more expertise in determining whether Riverstone should appropriately obtain the permit.

Member Peterlin requested that Ms. Kost come up with specific suggestions on how the Board could help. Member Peterlin stated that it appears as if the casino and the conservancy district share the same concerns. Member Peterlin suggested that Big Island River Conservancy District meet with Casino Rock Island and the City of Rock Island to discuss the issue.

At 3:00, Member Peterlin moved that, **Pursuant to Section 2 (c), paragraphs (1), (11), and (14) of the Open Meetings Act, the Board retire to Closed Session to discuss the following subject matters:**

- 1. Pending litigation and matters involving probable litigation;**
- 2. Investigations concerning applicants and licensees; and**
- 3. Personnel matters.**

Member Winkler seconded the motion. The Board approved the motion unanimously by voice vote.

The Board adjourned Closed session at 4:00 P.M.

Respectfully submitted,
Monica Thomas

Secretary to the Board